

Message Text

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PAGE 01 NICOSI 02207 031428Z

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ACTION EUR-12

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UNCLAS NICOSIA 2207

E. O. 11652: N/A

TAGS: BENC IBRD FBOL CY

SUBJECT: MAJOR PROJECT: GLASS FACTORY FOR CYPRUS

REF: STATE 188547

1. OWENS-ILLINOIS (O-I) DIRECTOR FOR MARKETING - EUROPE
MR. JAMES WALKER VISITED CYPRUS JULY 12-14, MET WITH
CYPRUS DEVELOPMENT BANK AND GOC REPRESENTATIVES FROM
MINISTRY OF COMMERCE/INDUSTRY TO REVIEW RESULT OF O-I STUDY
ON PROPOSED PROJECT. O-I POSITION FOLLOWS:

(A) PROJECT AS CALLED FOR IN TENDER DOCUMENT IS UNECONOMIC
BECAUSE CYPRUS MARKET HAS DIMINISHED (DUE TO THE 1974 WAR
AND SUBSEQUENT SHARP DROP IN TOURISTS) AND BECAUSE MULTI-
COLORS AND MULTIPLICITY OF MOLDS IS EXPENSIVE FOR PROPOSED
CYPRUS VOLUME.

(B) SUGGESTION THAT FACTORY COULD BE GEARED TO EXPORT
MARKET IN MIDDLE EAST REJECTED BY O-I FOR REASON THAT
EXCESS CAPACITY ALREADY EXISTS IN ARAB WORLD AND MORE
FACILITIES WILL COME ON TREAM SOON. ALSO O-I WOULD
BE RELUCTANT TO ASSOCIATE ITSELF WITH AN NEW PRODUCTION
VENTURE GEARED TO AN EXPORT MARKET WHICH THE VENTURE
COULD NOT PROTECT.

2. WHILE O-I HAS FORMALLY REMOVED ITSELF FROM THE
PROJECT IT OFFERED TO REVIEW SITUATION IN FIVE YEARS.
IN MEANTIME O-I WILL CONTINUE TO SUPPLY CYPRUS MARKET
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PAGE 02 NICOSI 02207 031428Z

WITH BOTTLES MANUFACTURED FROM PLANTS IN SPAIN, GREECE,

ETC. IN WHICH O-I HAS EQUITY INTEREST. TO SOME EXTENT
O-I VIEW OF PROJECT MAY BE COLORED BY O-I INTEREST IN
CONTINUING TO SUPPLY CYPRUS MARKET WITH OWN BOTTLES.

3. WITH O-I OUT OF THE PICTURE, CYPRUS DEVELOPMENT BANK
WILL CONTINUE TO ENTERTAIN OTHER NEW OFFERS, INCLUDING
TOLEDO ENGINEERING. SUGGEST TOLEDO RENEW CONTACT DIRECTLY
WITH CYPRUS DEVELOPMENT BANK, PO BOX 1415, NICOSIA, CYPRUS.
SUGGEST ALSO TOLEDO MAY WISH TO KEEP ECONOMIC/COMMERCIAL OFFICER
OF EMBASSY INFORMED OF DEVELOPMENTS.
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